



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CERE-E (310-2d)

27 November 1990

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Chapter 4, ER 405-1-12 Real Estate Handbook

1. Reference is made to the memorandum of 12 January 1989 in which revised appraisal review authorities were delegated to Division Commanders. The attached statement further revises paragraph 4-40 of ER 405-1-12 to increase review authority to \$1,000,000 for properties to be bought or sold and for gross appraisals. Review authority for leases remains unchanged.

2. The guidance issued in the 12 January 1989 memo as to reports that the reviewer cannot approve or recommend for approval still applies. For ease of reference that guidance is repeated as follows. "In the event reconciliation and approval are not possible, the reviewer shall disapprove those reports that are within his/her authority and notify the next higher echelon of the action taken. For reports exceeding the dollar limitations of the reviewer's authority, an appropriate recommendation will be made to the next level of authority, regardless of the reasons for not being able to recommend approval of the report."

3. Some have strongly suggested that the review level be raised even higher, especially for gross appraisals. This office agrees that higher delegations of authority to the Divisions and Districts is a worthwhile goal. For additional increased authority to be delegated, however, a better consistency of report quality is needed, especially for gross appraisals and related planning documents. In addition, the appraisal profession is moving into a new era of consolidation, licensing, and certification. Professionalism needs to be encouraged and emphasized. Therefore, for additional review authority to be favorably considered to the Division level, certain accomplishments are expected of the Divisions. What follows is a discussion of some weaknesses that have been observed, comments on current developments, and a plan that would allow a Division to be favorably considered for increased review authority.

7. For additional increased appraisal review authority to be delegated to the Divisions, four things should happen.

a. Consistent submission of good quality appraisal reports and gross appraisals, including an identification of the estate to be transferred.

b. Internal appraisal training within each Division of the Corps of Engineers.

c. External appraisal training for licensing and certification requirements as well as continuing education to keep up to date after licensing and/or certification is obtained.

d. The implementation of a record keeping system that will support an appraiser's application for experience credits toward an appraisal license, certification or designation.

8. Of the items listed above, the inclusion of the estate to be transferred should be the easiest to accomplish. In some cases it will require increased cooperation with the requester of the appraisal services and input from appropriate real estate personnel. The appraisers will need to be more diligent in insisting that the estate be fully identified. If this most basic step of the appraisal process can not be fulfilled, it does not bode well for favorable consideration for increased review authority.

9. Each Division should submit a plan as to how it intends to conduct appraisal training on issues that are unique to the Corps of Engineers. Initially, a three-day seminar for all appraisers within each Division is recommended. At least a day and a half should be devoted to the planning process and the preparation of gross appraisal reports. Working with local sponsors should also be a major topic. For the planning and local sponsor topics, individuals from those respective endeavors should be included. This office would be glad to work with each of the Divisions in establishing an agenda. After the initial training exercise, the Divisions should identify its plan for continued internal training. Divisions might consider combining their training efforts with other divisions.

10. A training plan from sources outside the Corps should also be developed for each appraisal position and submitted to Headquarters (CERE-E). Training that would enable licensing and/or certification should be encouraged. Even senior appraisers who have had many of the courses should be challenged to pass a tested course every 3 or 4 years. The world changes and we need to keep up.

11. a. Records needed for appraisal licensing, certification, or designation. In the near future, some type of appraisal certification is going to be a virtual necessity. While perhaps a mistaken prerequisite, certification will be seen as a necessary ingredient of credibility. The Corps of Engineers has the largest full-time appraisal staff of any Government agency. Many agencies do not have appraisers and others have experienced a dramatic drop in the number of appraisers. There is an opportunity for appraisal service. Recent requests have been received from the State Department, the Department of the Interior and the U. S. Coast Guard. A high percentage of certified appraisers will be seen as an organization having a viable appraisal program.

b. Good workload management requires the keeping of records. By inclusion of an extra item here or there, a work record can probably be maintained that would be satisfactory to most appraisal organizations or governmental entities that require a summation of experience. Perhaps REMIS, when installed in your area, or some other ADP system can be utilized. Please submit your plan or example of a record-keeping system to this office for review for adequacy toward recording appraisal experience. We are developing an ADP work management program in this office and would be willing to share information about it on request.

12. We view state licensing as a minimum goal for all Corps of Engineers appraisers. However, OPM officials have advised that it may not be possible to make state certification a job requirement. A Federal licensing/certification process for Federal staff appraisers is being pursued. Because part of the cost might be borne by the Federal agency who employs

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the appraiser, there is a possibility that Federal certification of Federal appraisers would be a requirement. Whether or not certification becomes a requirement, the Division plans will be reviewed from the standpoint of whether adequate support and encouragement is being offered to foster certification by individuals so motivated.

13. In order for your Division to be considered for increased review authority, plans for internal and external appraisal training programs and a record keeping system should be submitted. The first submission should include an agenda for a meeting in which gross appraisals and planning issues will be discussed. If the plans are considered adequate by this office, and an internal training meeting is held, at least two important steps will have been taken toward earning a delegation of increased review authority. Of course, consistent good-quality appraisals are a necessity too.

Encl



B. J. FRANKEL

Director of Real Estate

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